2002 ANNUAL REPORT

Constant Innovation

drives our expanding

future and our long-term

industry leadership.

Automation Tooling Systems

Through constant innovation, ATS serves and satisfies customer needs...

Our diversified manufacturing customers rely on ATS innovation to help them compete in increasingly challenging markets through:

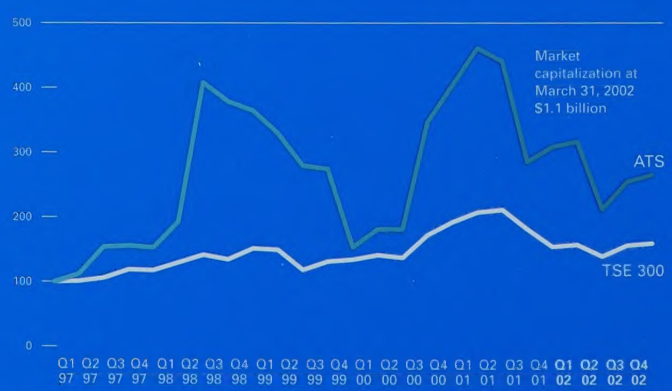
- Highly cost-effective automation to manufacture and test their increasingly complex, miniaturized components
- Faster time-to-market for their new products
- Cost-effective outsourcing of their precision component and sub-assembly supply
- Higher product quality that can only be achieved through automation
- Rapid and reliable expansion of their global production
- Innovative new manufacturing, test and assembly approaches

Through consistently applied strategies, we are securing our industry leadership...

We've significantly distanced ourselves from competitors over the years by applying these proven strategies:

- Target expanding global manufacturers in diverse, high-growth markets
- Continually advance our industry-leading automation technology and knowledge
- Become a value-adding extension of our customers' engineering and manufacturing resources
- Respond to customers' global business needs with full-service capabilities, training and support
- Lever automation and manufacturing knowledge internally to secure high growth rates in complementary markets such as solar energy and thermal management where ATS has promising business ventures

PERFORMANCE OF ATS COMMON SHARES ($)



Graph compares the value of $100 invested in ATS common shares — ticker symbol "ATA" — on March 31, 1996 with $100 invested in The Toronto Stock Exchange 300 Composite Index.

Financial Highlights (IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

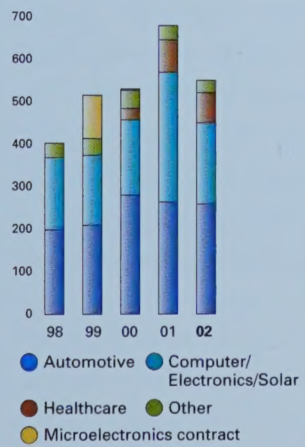
years ended March 31	2002	2001	2000
Financial Results			
Revenue	**$ 549,547**	$ 678,972	$ 530,014
Earnings from operations[1]	**$ 19,607**	$ 73,946	$ 61,970
Net earnings[2]	**$ 12,593**	$ 46,191	$ 35,745
Per Share			
Net earnings per share – basic[2]	**$ 0.21**	$ 0.79	$ 0.64
Net earnings per share – diluted[2,3]	**$ 0.21**	$ 0.77	$ 0.63
Financial Position			
Total assets	**$ 717,369**	$ 712,807	$ 551,674
Shareholders' equity	**$ 549,878**	$ 526,801	$ 348,136

1 Fiscal 2000 and 2001 earnings from operations have been restated to reflect the adoption of the CICA Recommendations for Goodwill (see notes to the consolidated financial statements).

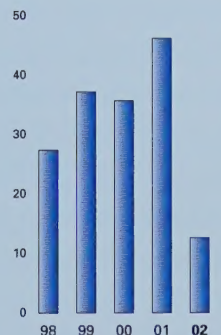
2 Fiscal 2000 net earnings include an unusual item which reduced net earnings by $1.0 million or $0.02 per share basic and diluted.

3 Diluted EPS for fiscal 2000 and 2001 have been restated to reflect the adoption of the CICA Recommendations for Earnings per Share (see notes to the consolidated financial statements).

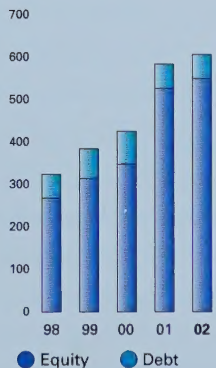
Consolidated Revenue by Industry
(by fiscal year, millions $)



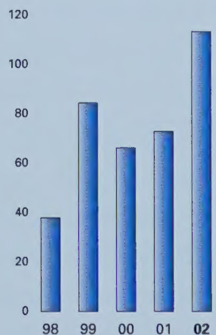
Net Earnings
(by fiscal year, millions $)



Total Equity and Debt
(at March 31, millions $)



Cash and Short-term Investments
(at March 31, millions $)



Fellow Shareholders

Fiscal 2002 was a challenging year because of the abrupt and widespread economic contraction and its effect on our customers.

However, by diligently employing its customer-focused strategies and capitalizing on its industry leadership and strong market diversification, the Company remained profitable in spite of lower revenues.

Even more important to our future, ATS retained its skilled workforce and directed this capacity in a very productive manner: to further advance our leadership through the accelerated launch of innovative automation technologies. It also continued to invest in aggressive business development, adding a large number of new customers, identifying many others and creating additional opportunities for growth in attractive complementary markets.

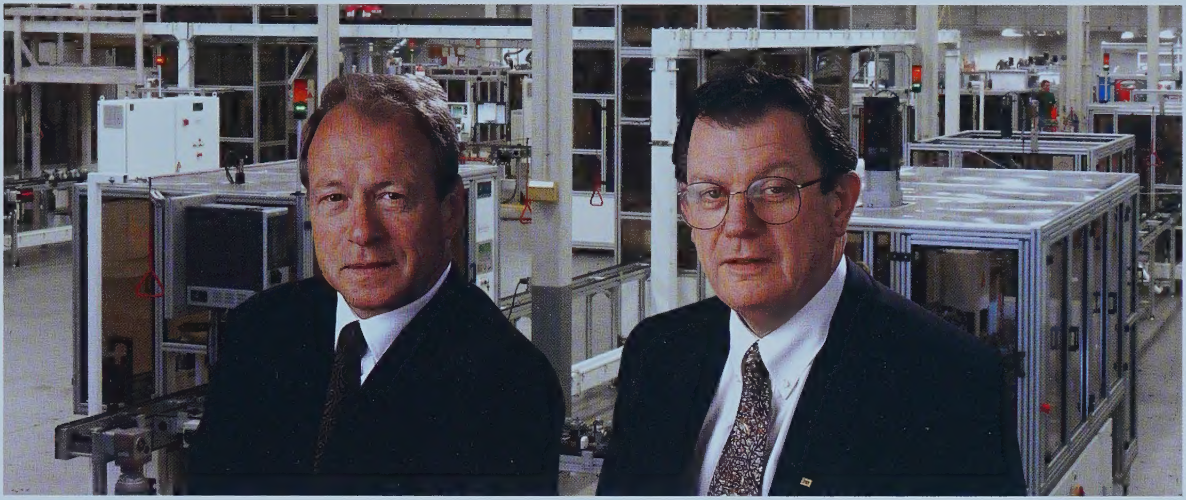
Although these deliberate decisions sacrificed some earnings potential in fiscal 2002, we believe the preservation of our capacity and the resulting additions to our capabilities and customer base will have a very positive impact on our competitive position and performance for many years to come.

Indeed, all the tactics employed in fiscal 2002 were driven by a resolve to manage our business for the long term – and a strong desire to immediately spark vigorous growth as soon as market conditions normalize.

Operating Highlights The facts below tell the story of a business strategy that continued to produce solid results in the context of difficult market conditions.

- ATS produced net earnings of $12.6 million – without sacrificing its competitive advantages.
- ATS introduced an array of new standard automation modules to broaden its technology base, drive value for existing customers and penetrate new markets. These included a new line of scalable, high precision manufacturing systems, new state-of-the-art conveyance, new high-speed robotics and new component feeding systems.
- ATS Precision Components launched a line of high-performance thermal management solutions for server and desktop computer manufacturers, providing the potential for new revenue in fiscal 2003 and beyond. It also made substantial progress in its preparatory work on a major automotive sub-assembly contract won early in fiscal 2002. Once fully ramped up in fiscal 2005, it's estimated this contract will produce between $40 million and $50 million in annual revenue. And early last year, it completed the acquisition of Omex Inc. The metal forming capabilities added as part of this acquisition were immediately relevant to the major sub-assembly assignment won during the year and rounded out our Precision Components toolkit.
- ATS's Photowatt solar energy business achieved record revenue of $51 million, 19% higher than a year before, and solid operating profit. This performance not only marked a significant turnaround for Photowatt, it demonstrated the benefits of productivity and management enhancements made in the past year.

These very positive developments provide examples of what can be accomplished when an entire company remains committed to advancing its long-term customer-focused leadership, while still paying strict attention to current market needs and realities. As our markets emerge from the downturn, ATS's strong cash position, enhanced capabilities and even more sharply defined competitive strengths in all markets will enable us to capture new growth efficiently and effectively.



Klaus D. Woerner President and Chief Executive Officer **Lawrence G. Tapp** Non-Executive Chairman of the Board

A New Agenda ATS has entered fiscal 2003 with an aggressive business plan aimed at further differentiating itself in the marketplace and maximizing the value that can be derived from its competitive advantages and market leadership. The plan has four major elements to generate long-term growth.

1. Add value to existing and new customers in the form of new standard automation capabilities. Standard automation is becoming a more important element of our total solutions capabilities. Efficient to build and deploy, standard products (see page 6) allow us to substantially accelerate delivery times, enhance customer payback and lower total cost of ownership because they are easy to maintain, efficient to re-configure and fully scalable to meet future production needs. They also contain proven technologies, reducing the risk of implementation. In fiscal 2003, our objectives are to aggressively market the exciting new standard products and platforms launched in fiscal 2002 and introduce others. These new products will have multiple applications and, like all of our standard systems, will be very attractive to multinational customers who need multiple standardized systems to fulfill global production mandates. Standard products create value for customers and value for ATS.

2. Continue to penetrate selected new markets. As we have demonstrated over the years, ATS skills and capabilities apply to many industrial markets: our ongoing plan is to target the *right* ones that offer above average, long-term growth potential and attractive margins and then make a serious, sustained effort to lead each. In fiscal 2003, we will do this through a combination of aggressive strategic targeting, partnering with leaders in related fields, promotional activities and the enhancement of our capabilities. Over the past two years, we have gained important experience in strategic marketing, key account management and promotion, making ATS more capable than ever of following through on new market segments identified through our research – while enhancing the rate of repeat orders from large, existing customers.

3. Pursue more precision components' sub-assembly mandates. This year, we will expand our focus on identifying and securing sub-assembly mandates for our Precision Components Group that lever our capabilities in combination: design, prototyping, metal forming, plastic injection molding, turning, assembly and test. By winning larger sub-assembly assignments in automotive as well as other target markets, we can further diversify our revenue streams and become even more important to customers as a single source supplier. The major automotive seat assembly assignment ATS won in early fiscal 2002 and our entire thermal products initiative (see page 8) are both examples of sub-assembly mandates that add value to our Precision Components Group.

4. Accelerate the potential of our solar energy initiatives. Photowatt now has the management strength, strategies and efficient automated production capabilities to become an important and lasting contributor to ATS performance. In fiscal 2003, our objective is to continue generating revenue growth and profitability enhancements at Photowatt, while also launching Spheral Solar™ Technology (see page 11), a business dedicated to developing and marketing revolutionary new, low cost solar cells and modules. The technology behind Spheral Solar™ Technology has the potential to greatly accelerate worldwide use of solar-generated power. Consequently, ATS is in discussions with potential partners on this venture and has been awarded up to $29.5 million by the Government of Canada to help fund development of a full-scale prototype manufacturing line for Spheral Solar™ cells. This represents a major portion of the estimated $80 million to $85 million net start up costs for this initiative. This 20 megawatt, automated prototype production line will be housed in a new production factory slated to open in Cambridge, Ontario in the fall of 2003. Solar energy opportunities – current and next generation – will be important complements to the overall growth of our core business, and we expect this first new automated facility will be followed by many others in the future.

Central to successful execution of this plan is constant innovation and continuous improvement throughout our organization. At all times, but particularly in the current economic environment, ATS must continually increase the value of the solutions it provides and employ new methods internally to enhance efficiency, productivity and return on investment – to the benefit of customers and shareholders.

ATS's performance in fiscal 2002 clearly underscored the value of our diligent customer, market and geographic diversification efforts and the benefit of working hard to satisfy existing customers. Even though we added a large number of new accounts, we still generated 77% of total revenue in fiscal 2002 from repeat clients.

As we look ahead, we have never been more confident of this Company's ability to serve new and existing industry segments and deliver enhanced shareholder value. Our confidence is borne by the fact that we have more capabilities than ever to enhance customer performance and therefore, secure our future success as a business. All of this – plus our very strong balance sheet and clear industry leadership – make ATS a very robust company, fully positioned to deliver excellent results in the years ahead.

We sincerely thank those who contributed to our industry leadership and positioning for a bright future: our customers, shareholders, employees, partners and suppliers.

Yours sincerely,

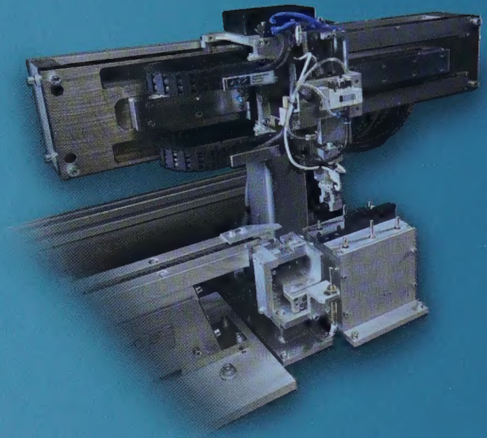
Klaus D. Woerner
President and Chief Executive Officer

Lawrence G. Tapp
Non-Executive Chairman of the Board

June 3, 2002

To accelerate future growth and advance the value it brings customers, ATS is harnessing its knowledge and industry leadership position in **four important ways...**

Standard Modules and Products Initiative



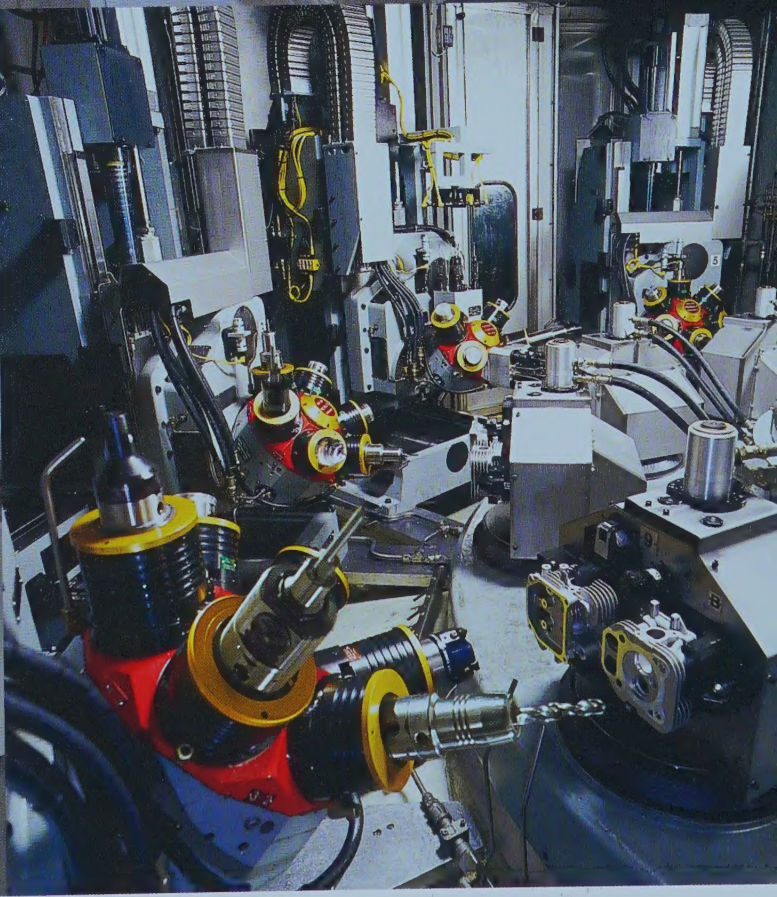
This innovative new ATS high-speed, pick and place robotics technology, using a linear brushless motor, delivers sub-second cycle times for customers and is fully programmable for maximum flexibility and control.

We're expanding our value proposition in Automation Systems.

ATS has embarked on an important mission: add to its portfolio of standard automation products to complement its strong custom automation business. Standard products – marketed under brand names and integrated into customized ATS systems – do double duty. For customers, standard automation solves unique production challenges, offers very rapid payback, low cost of ownership and proven, reliable technology and yet is available from ATS very rapidly. These benefits, plus the fact that standard modules are easily re-configured as production needs change, make standard products highly suitable for multinational customers looking to rapidly equip or expand multiple production facilities. For ATS, standard products are designed to serve the needs of a variety of customer applications, meaning they assist the strategic drive to diversify markets. Plus, these advanced tools increase ATS value-added content in a system and allow the Company to increase the capacity of its skilled workforce. With these additions, our standard portfolio now includes everything from high-speed robotics, machining and winding equipment to clean, fast conveyors, economical component feeders, ATS Informatics factory optimization software and in-process testing systems. The breadth of its standard modules and products portfolio provides ATS with a distinct competitive advantage as the industry's true 21st century automation solutions company.

ATS introduced Supertrak™ last year, a revolutionary, high-speed conveyance system. Since the speed and direction of individual pallets can be independently controlled, Supertrak™ significantly enhances customer payback by optimizing production flexibility. In fiscal 2003, ATS will introduce a lower cost, high-speed conveyor to round out its product line in this field.

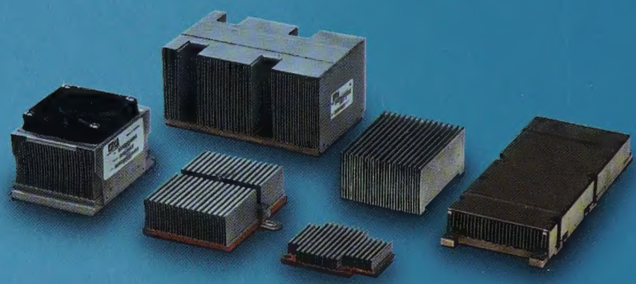
To add to its standard products portfolio and complement its new flexible conveyor systems, ATS launched new component feeders in fiscal 2002. These feeders are intended to solve the noise, cost, limited life and size issues associated with third party component feeders.



ATS Flexsys™ standard automation platforms for high precision manufacturing offer excellent customer value through rapid payback, reliability and flexibility. Introduced in fiscal 2002, Flexsys™ systems can be easily and quickly upgraded from semi to fully automated production as customer needs change.

The ATS Rotoper Flexible Dial System offers exceptional precision for machining complex parts requiring multiple processes. A modular system, Rotoper is available in three to 10 station configurations.

Thermal Management Products Initiative

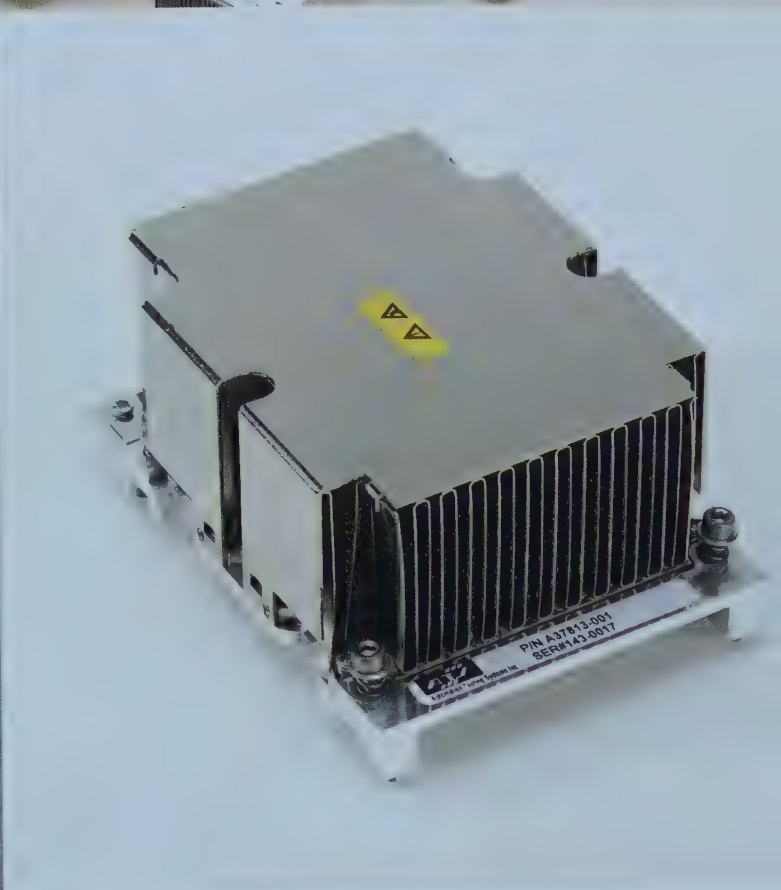


ATS is now marketing 18 different thermal product designs, each fully capable of supporting the heat dissipation needs of customers. Today, ATS top end thermal products can cool 3.6 gigahertz processors and it plans to stay ahead of the cooling requirements of the marketplace. This means having product qualified to serve 4.0 gigahertz processors by the end of fiscal 2003.

We've created a new business within our Precision Components Group.

To further broaden its base of profitable revenue, ATS recently launched a line of highly efficient thermal management solutions. Designed and manufactured in volume at ATS Precision Components, these thermal devices play an increasingly important role in high-speed computer servers and desktop processors. These solutions help computer manufacturers accelerate processing speeds by dissipating the significant amount of heat associated with higher speed ranges. Capable of cooling processors up to 3.6 gigahertz (1.3 gigs higher than the most advanced processor on the market today), ATS thermal devices have been qualified for use by a number of major manufactures and are being resold, in part, under a strategic agreement with Tyco Electronics. ATS believes this initiative will produce revenue growth in the years to come not only because of clear market needs, but because ATS offers a unique value proposition that includes leading thermal dissipation technology and cost-effective, high-volume production in North America.

ATS is now supplying thermal products to Tyco Electronics, which in turn is bundling ATS technology with their connection and inter-connection systems to offer customers a total thermal management solution for next generation computer processors.



Thermal management devices are an important part of every personal computer. These devices are considered one of the only PC components for which the value is likely to increase in future, driven by the increasing heat generated by high-speed processors.

ATS Precision Components designs and builds advanced thermal management devices, shown here, which include proprietary thermal dissipation technology for better cooling power.

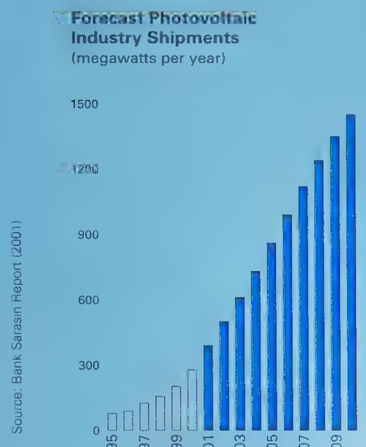
Photowatt and Spheral Solar™ Technology Initiatives

[illegible] the past five years, ATS has levered its automation expertise and high-volume manufacturing skills internally to accelerate the development of Photowatt International. Now a global leader in the production of solar cells and modules, [illegible] solidly positions ATS to profit from growing worldwide demand for [illegible] solar powered electrical energy. Photowatt now has the capacity to [illegible] produce an estimated 20 megawatts of power annually, five times its [illegible] production capacity. Moreover, Photowatt has been able to drive its production [illegible] down by automating various functions, while adding sales, making it one of [illegible] productive solar companies in the world. In fiscal 2003, Photowatt intends to [illegible] building its profitable base of revenue.

We're accelerating conventional and

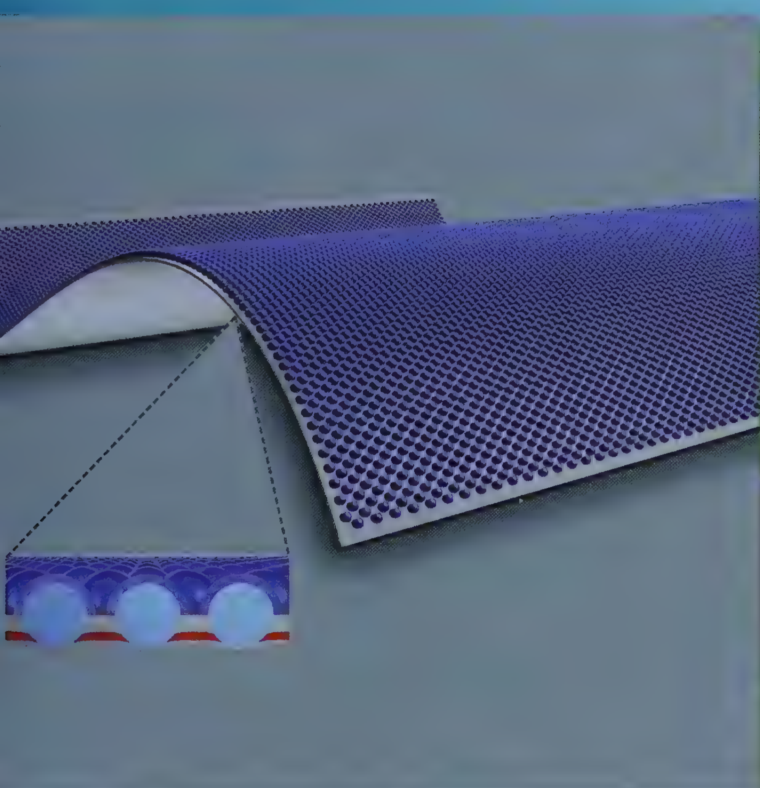
At Photowatt, multi-crystalline solar cells up to 125 millimeters are produced on a highly cost-effective basis – using ATS automation – for use in conventional solar panels. Photowatt contributed positively to ATS operating results in fiscal 2002.

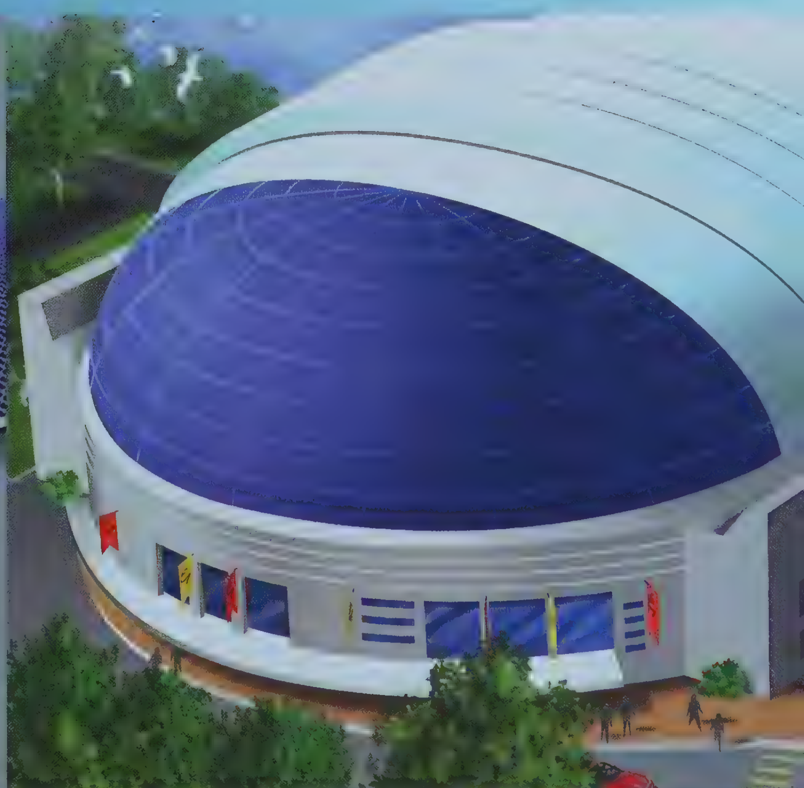
ATS is poised to remove two major barriers to widespread global adoption of solar-generated power: cost and flexibility. In fiscal 2002, [illegible] its proprietary Spheral Solar™ Technology, a revolutionary photo[illegible] that is pliable and offers far better economics than tradit[illegible] tremendous advancements should open a wide array of new markets and customer applications for solar energy. How? Spheral's unique design [illegible] the silicon used in traditional solar cells. This provides the potential [illegible] reduce the cost per watt of solar energy, while maintaining the [illegible] conversion ratio of traditional multi-crystalline solar cells. [illegible] are pliable and break resistant, so they can be formed into [illegible] and sizes suitable for new building design or to emulate [illegible] With Spheral Solar™ Technology, ATS is on the verge of [illegible] quickly adopt a clean, renewable and economical form of energy. [illegible] Technology is being developed, with assistance from the [illegible] market introduction within the next two years.



Experts predict demand for solar energy will increase substantially through 2010, driven by the need for cost-effective, clean, renewable energy for distributed grid connected and remote power generation applications.

next generation solar opportunities.





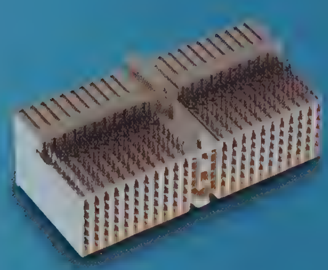
Fully pliable, Spheral Solar™ Technology (magnified as a cell on the left) is comprised of thousands of tiny silicon beads bonded in aluminum foil and has the potential to accelerate the commercial, industrial and residential use of solar energy worldwide. At right, an artist's rendering shows how the technology might be attractively integrated into a complex, modern building design.

Strategic Marketing Initiative

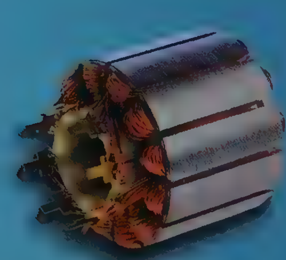
ATS is positioning itself to be the supplier of choice for healthcare, biotech and pharmaceutical companies planning to automate specimen labs, pharmacies, biochip, biosensor, and point-of-care diagnostic device production.

In electronics, ATS targets traditional consumers of automation and advanced manufacturing – including computer and peripheral manufacturers – as well as new markets and customers in the semiconductor, biometrics, image sensor, and micro-mechanical systems fields.

targeting new growth.



Automating the production of automotive computer sensors and devices that power passenger safety features are two of many target areas for ATS in advanced automotive markets. Another is to lever ATS Precision Components capabilities to provide tier one customers with complete sub-assemblies.



ATS has the capabilities to be a single source provider of plant-wide automation in all its target markets. These systems were built in fiscal 2002 for a major healthcare company to automate the high volume production of medical sharps.

An area of substantial opportunity in many of ATS's markets is contract build. This occurs when a customer designs a highly specialized equipment platform and contracts with ATS to build and test multiple systems resulting from the design. This high-speed system with vision inspection and advanced tray handling is used to insert computer components.

This high-speed assembly and test system was deployed to produce door lock actuators at a tier one automotive parts company.

We're answering commonly asked questions.

What is ATS's plan to enhance return on shareholders' equity?

Clearly, our ROE was significantly reduced in fiscal 2002 by weak economic conditions combined with strategic investment decisions we continued to make to position ATS for superior long-term growth and profitability. Our decision to maintain our financial flexibility through the downturn by retaining a healthy cash position has also muted short-term ROE. While the up front investments made in skilled employees, new technologies, new long-term orders, products and markets reduce ROE short term, we believe they are also instrumental to fulfilling our strategy, since they have given ATS more industry-leading competitive advantages and even stronger opportunities for future growth. We expect our ROE improvement near term will be primarily driven by the expansion of earnings in our traditional businesses. In addition, we have invested over the past few years in attractive new growth opportunities such as our solar and thermal products initiatives, areas we believe will generate attractive earnings growth and returns for the future, again driving long-term ROE.

ATS has a very healthy cash position. How will this cash be deployed?

We ended fiscal 2002 with a very strong cash position of $113 million including short-term investments. Primarily, this cash will be used to fund our long-term revenue and earnings growth and profitability and to advance our industry leadership. In fiscal 2003, we expect to use cash first in support of the working capital needs of our business, which will increase as revenue expands. Second, we plan to continue to invest in new equipment and tools to support our future growth both in Automation Systems and Precision Components operations. Third, we plan to invest significantly in our solar businesses to enhance our conventional solar production as well as to develop Spheral Solar™ Technology. Fourth, we intend to continue pursuing our growth by acquisition strategy. In fact, we expect to review several acquisition candidates this year and hopefully acquire one or more promising businesses or technologies. The timing and number of acquisitions made is not possible to predict, but the potential exists that at least one could add to our core capabilities and geographic presence, which is the purpose of our acquisition strategy. In terms of size, most of the companies in our industry are small, which means our capital will go a long way.

How does your standard automation initiative affect your custom automation business?

We expect standard automation tools and modules will become a significantly larger part of our revenue, however the need for custom solutions will also continue to be a key long-term driver of our business. Standard automation complements and enhances our core custom automation business because it significantly reduces the time our skilled workforce spends designing, building and testing the automation solutions we supply to our customers. Standard automation components increase the value the customer receives from ATS because these tools offer benefits that may not be obtained from existing third party products or custom designed one-off tools. This means significant cost saving benefits from increased production speed, compact design, proven reliability and increased flexibility in how they are used, both now and in future. They are also less expensive for ATS to integrate. By combining standard automation products and modules with our custom automation capabilities and systems, we expect to provide customers with the best automation solution for their specific needs, with the lowest total cost of ownership and to do it faster and more profitably than the competition.

What's your strategic plan for Spheral Solar™ Technology?

Our strategy is to revolutionize the solar energy market by bringing our exciting new technology to market within the next two years, followed by expansion of operations globally. The solar industry currently produces less than 1% of the world's energy, however it is becoming more global and, in spite of its premium price today, solar energy is still growing very quickly – at over 20% compounded annually the estimates suggest. We see excellent opportunity for Spheral Solar™ Technology, driven by its distinct cost and application advantages, combined with the growing demand for renewable and distributed power generation. To accelerate the global growth and adoption of Spheral Solar™ Technology and the benefits we envision, we have begun to explore strategic partnerships with third parties that we believe can provide us with broader and more rapid market access. Such partnerships may involve equity participation in the Company's solar business by third parties. However, it's our intention to maintain a significant equity stake for ATS. This allows us to retain the opportunity to generate an attractive return for shareholders and ensures that ATS will remain the official supplier of all the automation that may be required to support the large scale manufacture of these pliable, low cost solar products. Our strategy presents ATS with worldwide opportunities to benefit from the rapid growth potential of this new business both as an owner and as an exclusive supplier of automation systems.

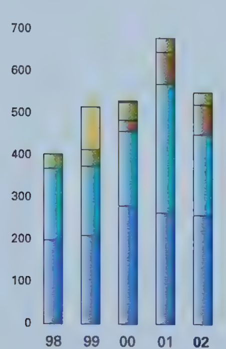
Has the recent downturn affected the competitive environment for your automation business?

ATS is the clear leader in an industry that is highly fragmented with few large and medium-sized contenders and dozens of small, regional players. During the downturn the focus for many competitors, both large and small, has been on self-preservation rather than the enhancement of capabilities and market position. At the same time, customers are becoming even more aggressive about outsourcing – to reduce costs and improve profitability – and there is a renewed interest in securing capable suppliers who are financially sound and able to serve their needs long term. Finally, customers are very value focused, with increased interest in flexible, standard manufacturing systems that can help them scale operations quickly, save money, and be re-deployed or re-configured as their needs change. We believe ATS's strategies and initiatives are right for this more focused environment and they will make our competitive advantages and industry leadership even more sharply pronounced in the future.

Management's Discussion and Analysis

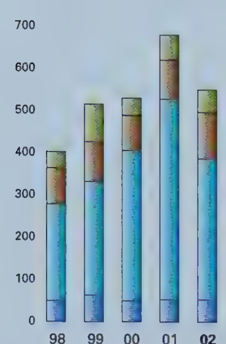
Overview **For many years, ATS has pursued customer-focused strategies that have enabled the Company to achieve diversification and global automation industry leadership. In the fiscal year ended March 31, 2002, these strategies and diversification allowed ATS to remain profitable in spite of a deep, broad-based recession in global capital spending. Although economic conditions prohibited the Company from achieving its traditional growth rates, ATS used the downturn to enhance its capabilities, market presence and opportunities for future growth. The Company also further strengthened its balance sheet, generating $40.3 million of cash during fiscal 2002, and ending the year with cash and short-term investments of $113.3 million. As a result, ATS is well positioned to participate aggressively in an economic recovery, which management believes commenced early in the fiscal 2003 year.**

Consolidated Revenue by Industry
(by fiscal year, millions $)



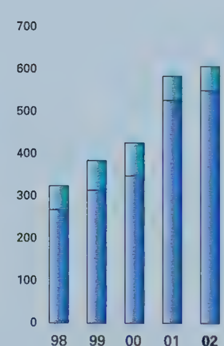
Automotive
Computer/Electronics/Solar
Healthcare
Other
Microelectronics contract

Consolidated Revenue by Region
(by fiscal year, millions $)



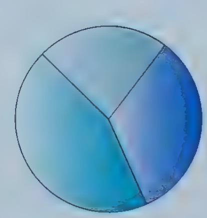
Canada
U.S./Mexico
Europe
Asia-Pacific and other

Total Equity and Debt
(at March 31, millions $)



Equity
Debt

Employee Skill Sets
(at March 31, 2002)



Engineers, technicians
Skilled trades and apprentices
Semi-skilled operators and others

CONSOLIDATED OPERATING PERFORMANCE

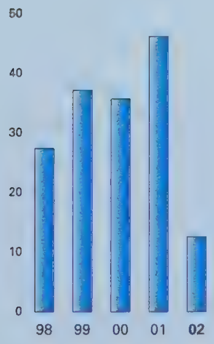
Consolidated revenue of $549.5 million in fiscal 2002 was 19% lower than the record revenue of $679.0 million achieved in fiscal 2001. This decline reflected the impact of poor economic conditions that more than offset revenue from Omex Inc. (a metal forming company acquired in June 2001) and higher revenue at Photowatt International, the Company's solar products manufacturing subsidiary. Consolidated Earnings from operations were $19.6 million, compared to a record $73.9 million achieved in fiscal 2001 reflecting the decline in automation systems revenue and other factors within each of the Company's two reportable segments, as described below. Note 14 to the financial statements provides disclosure of revenue and operating income for each reportable segment and a reconciliation to total Company earnings from operations for fiscal 2002 and 2001. The terms "Earnings from operations" and "operating income" do not have any standardized meaning prescribed within GAAP and therefore may not be comparable to similar measures presented by other companies.

Net earnings for fiscal 2002 were $12.6 million versus a record $46.2 million achieved in fiscal 2001. Net earnings per share were $0.21 basic and diluted in fiscal 2002 compared to $0.79 basic and $0.77 diluted in fiscal 2001.

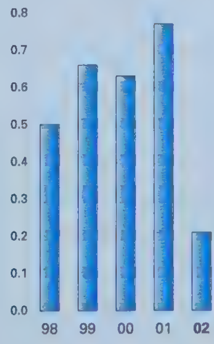
CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2001, the Company adopted the new Recommendations of the Canadian Institute of Chartered Accountants (CICA) for Goodwill and Other Intangible Assets as described in note 1(f) to the consolidated financial statements. Net earnings for fiscal 2001 did not change since the new Recommendations are only to be applied prospectively. However, goodwill amortization, net of income taxes, has been segregated as a separate line item in the income statement and therefore Earnings from operations increased $2.3 million for fiscal 2001. If the Recommendations had been retroactively applied, Net earnings for the 2001 fiscal year would have increased $1.5 million to $47.7 million and Earnings per share would have increased $0.02 basic and $0.03 diluted. Management has reviewed its goodwill assets for impairment and determined that there was no impairment as of March 31, 2002. The Company also retroactively adopted the new Recommendations of the CICA with respect to Earnings per share, as described in note 1(m) to the consolidated financial statements.

Net Earnings
(by fiscal year, millions $)

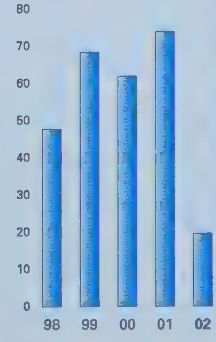


Diluted Earnings per Share*
(by fiscal year, $)



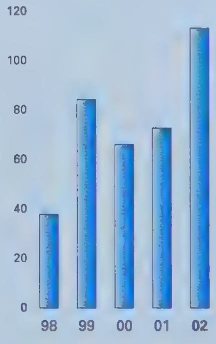
*Fiscal 98 – 01 have been restated to reflect adoption of new CICA Recommendations for EPS.

Consolidated Earnings from Operations*
(by fiscal year, millions $)



*Fiscal 98 – 01 have been restated to reflect adoption of the new CICA Recommendations for Goodwill.

Cash and Short-term Investments
(at March 31, millions $)



AUTOMATION SYSTEMS SEGMENT REVENUE AND OPERATING PERFORMANCE

Automation Systems Group revenue of $394 million was 25% lower than the record $526 million achieved in fiscal 2001. This reduction was primarily the result of the deterioration in economic conditions and increased uncertainty, which delayed customer program launches and negatively impacted the Group's order booking and backlog levels in fiscal 2002.

While the Group experienced declines in automation systems revenue from each of its industrial markets, the rates varied significantly by individual sector. As well, geographic diversification helped to offset the steep decline experienced in the U.S./Mexico, the Company's largest market. These facts have reinforced the importance of the Company's market diversification strategy.

By geographic market, revenue in the U.S./Mexico declined 40%, or $154 million to $234 million compared to fiscal 2001. Revenues in Europe increased $16 million, in Asia-Pacific revenues increased $4 million and in Canada $2 million.

AUTOMATION SYSTEMS REVENUE

(in millions of dollars)	**2002**	2001	Change
Automotive	**$ 158.5**	$ 169.7	(7%)
Computer/Electronics	**141.2**	247.5	(43%)
Healthcare	**70.1**	76.4	(8%)
Other	**23.9**	32.1	(26%)
Total segment	**$ 393.7**	$ 525.7	(25%)

By industrial market, the largest decline in Group revenue was in computer-electronics, where revenues were down 43% compared to fiscal 2001, representing a decline of $106 million in revenue year over year. This reflected difficult market conditions within this segment (primarily semiconductor equipment, photonics and computer peripherals). Revenue from automotive, which is another major industrial market for ATS, experienced a 7%, or $11 million reduction.

Healthcare automation systems revenue recorded an 8%, or $6 million decline in fiscal 2002 compared to the prior year. In fiscal 2001, a large portion of healthcare revenue was derived from a single large project while in fiscal 2002, the Company served a significantly greater number of customers and individual orders. This reflected the Group's continued progress in penetrating this newer market for industrial automated manufacturing and test systems. Revenue from customers in other industries declined $8 million but remained at 6% of total Group revenue.

As a result of the 25% decline in Group revenue, the Company experienced excess facilities and personnel capacity in fiscal 2002. This situation was further aggravated by $31 million in customer order cancellations and scope reductions during the year, primarily from customers in photonics and semiconductor, which disrupted normal capacity utilization. In spite of lower revenue levels and more challenging market conditions in fiscal 2002, management decided to retain its knowledge-based workforce. This decision was made because of the significant costs and time required to recruit and train the type of skilled and experienced employees upon whom the Group relies to serve the needs of customers.

Furthermore, during fiscal 2002, while the Company tightly controlled spending in non-critical areas, it selectively increased expenditures to enhance marketing efforts and advance its automation technology and product offerings. The Company also recorded $3.2 million in non-cash charges in the fourth quarter of fiscal 2002 to write down the value of certain inventories in four different lines of its automation systems business.

These costs, combined with the lower revenues, negatively impacted the Group's operating results in fiscal 2002. As a result, operating income was $24.5 million (6.2% operating margin) compared to $75.3 million (14.3% operating margin) in fiscal 2001. These management decisions were made to gain additional competitive advantages and to ensure ATS would be in the best possible position to resume its successful growth as market conditions improved.

PRECISION COMPONENTS SEGMENT REVENUE AND OPERATING PERFORMANCE

PRECISION COMPONENTS REVENUE

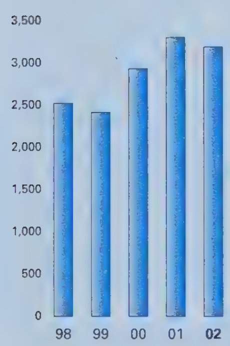
(in millions of dollars)	**2002**	2001	Change
Automotive	**$ 102.3**	$ 95.6	7%
Solar	**50.9**	42.7	19%
Computer/Electronics	**3.9**	16.7	(77%)
Other	**7.6**	1.4	443%
Total segment	**$ 164.7**	$ 156.4	5%

Precision Components Group revenue increased 5% in fiscal 2002 over fiscal 2001. Incremental revenues of approximately $10.0 million from Omex and an $8.2 million increase in revenues at Photowatt more than offset lower shipments in other operations focused on automotive and microelectronics markets. Group automotive revenue was negatively impacted by lower production volumes by North American automotive companies during fiscal 2002, compared to fiscal 2001, and increased pricing pressure on certain components produced by the Company. The $12.8 million decline in microelectronics revenue reflected the anticipated winding down of volumes on certain thermal plates, manufactured by ATS on an outsourced basis. Revenue related to the Company's proprietary new thermal management solutions products was limited in fiscal 2002 to minor quantities primarily to support customer testing (see Outlook Precision Components). Revenue in other markets increased $6.2 million compared to fiscal 2001 reflecting new precision components work from a healthcare company and a portion of Omex revenue coming from appliance customers.

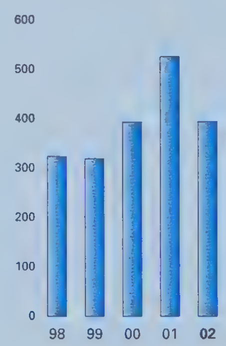
Solar revenues increased 19% reflecting continued growth in demand for environmentally friendly, renewable energy. Demand in this market continues to be supported by significant and well-established government incentives in Europe, where Photowatt is based. Subsidy programs have recently begun to be introduced in North America to support the adoption of clean renewable energy technologies. Since Photowatt sells products globally, North American subsidies will likely be important additional catalysts for future growth.

Group operating income was $3.3 million compared to $4.7 million in fiscal 2001. Fiscal 2001 operating income included a significant one-time gain from a settlement reached with a Photowatt customer that partially offset its operating losses. In fiscal 2002, Photowatt continued to improve operating performance and realize the benefits of organization and operational improvements. Photowatt produced positive operating contributions during fiscal 2002 and made a meaningful contribution to Group operating income for the year. In fiscal 2002, North American Precision Components operations experienced lower earnings compared to fiscal 2001. These results are attributable to lower revenues from certain products, excess production capacity, increased pricing pressure for automotive components and significant expenditures to secure future revenue in both automotive and thermal management solutions products, which more than offset positive contributions from Omex.

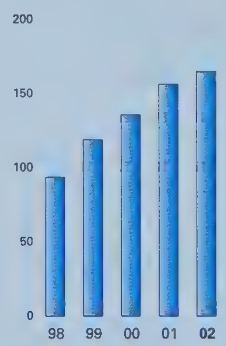
Total Employment
(at March 31)



Automation Systems Revenue
(by fiscal year, millions $)

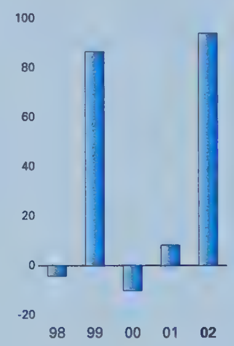


Precision Components Revenue from Ongoing Operations*
(by fiscal year, millions $)



*Excludes discontinued microelectronics contract in 1999 and 2000.

Cash Flow from Operating Activities
(by fiscal year, millions $)



CASH FLOW AND FINANCIAL RESOURCES

Cash and short-term investments increased $40.3 million during fiscal 2002 to $113.3 million at year end. This was the result of $94.0 million in cash flows generated from operating activities, which more than offset total investments of $51.0 million (see "Investment Activity") and $2.6 million in financing activities during the year. Cash investment in non-cash operating working capital declined by $49.9 million, reflecting lower revenue during fiscal 2002 compared to record levels in fiscal 2001, and cash flow from operations was $44.1 million during fiscal 2002.

This strong cash position at March 31, 2002, provides ATS with significant financial flexibility to support its future strategies and opportunities. In addition to this cash position, ATS had $87.5 million of unutilized credit available under its various operating and term bank facilities and a debt to equity ratio of 0.10:1. During fiscal 2003, ATS expects investment in working capital to increase as business activity recovers. All of the Company's cash needs in fiscal 2003 are expected to be funded by cash from operations, existing cash resources and debt capacity.

The Company reviews strategic acquisition opportunities on a regular basis. Acquisition cash needs, if any, would depend on the size of the acquisition and form of purchase consideration to be paid.

INVESTMENT ACTIVITY

The Company invested $29.7 million in fixed assets in fiscal 2002, primarily for new capital equipment and related systems to support new orders, to improve efficiency and to complete facility expansion projects at its Precision Plastics and ATS Munich facilities. Consideration for the acquisition of Omex Inc. included cash of $5.3 million and 222,097 ATS common shares. Long-term investments totalled $9.4 million at March 31, 2002, compared to $6.3 million at March 31, 2001.

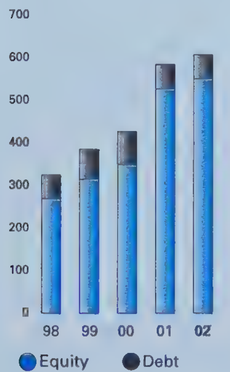
During fiscal 2002, ATS also continued to invest in a number of development initiatives, each of which is intended to support future revenue and earnings growth. Under Canadian generally accepted accounting principles, development projects, which meet certain specified criteria, are to be deferred to the extent that recovery of the related development cost can be reasonably regarded as assured. The Company deferred approximately $11.2 million in such costs during fiscal 2002, recorded amortization of $1.1 million and ended fiscal 2002 with an aggregate investment of $16.1 million in deferred development.

These deferred development expenditures are primarily related to: next generation, low-cost Spheral Solar™ Technology product development (see Outlook); the Company's new thermal management solutions products; new standard automation products (i.e., Supertrak™, Flexfeeders™); the ATS Flexsys™ family of flexible automation workcells for high precision manufacturing; and new generation machine tool systems. Development initiatives are a key element of the Company's strategy, and ATS intends to continue its development activities for the foreseeable future.

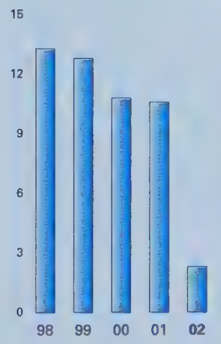
The Company's investment in deferred pre-production costs was approximately $1.5 million at March 31, 2002, $0.6 million higher than at March 31, 2001. The deferred pre-production costs relate to qualified expenditures, other than capital equipment, for new orders on hand in the Precision Components Group, which are being tooled for production. The largest of these orders in pre-production is a power seat adjustment sub-assembly contract, which is forecast to commence production in May 2003.

All of the Company's investments involve risks. In the event management determines that any of the Company's investments has become permanently impaired or recovery is no longer reasonably assured, the value of the investment would be written down to its estimated net realizable value as a charge against earnings.

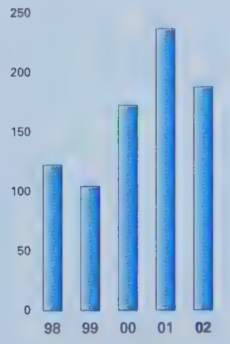
Total Equity and Debt
(at March 31, millions $)



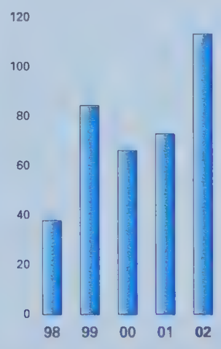
Return on Equity
(by fiscal year, %)



Non-Cash Working Capital
(at March 31, millions $)



Cash and Short-Term Investments
(at March 31, millions $)



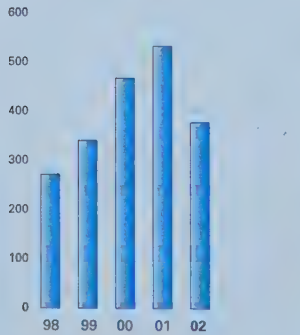
OUTLOOK AUTOMATION SYSTEMS

The Company's order backlog for automation systems declined from $212.3 million at March 31, 2001 to $168.3 million at March 31, 2002. The Company's automation systems new order booking activity totalled $378.1 million (an average of $94.5 million per quarter) during fiscal 2002, compared to $523.1 million (an average of $130.8 million per quarter) achieved in fiscal 2001. In addition, order cancellations and scope reductions totalling $31.3 million were recorded in fiscal 2002. These reductions reflected the uncertain and slower market conditions for the Company's automation systems during fiscal 2002.

At this stage in the economic cycle, the pace, strength and robustness of the recovery, and the impact on demand for the Company's automation systems in the markets in which it operates remain uncertain. However, management believes there are initial indicators that demand for the Company's automation products and services may have bottomed and is now beginning to improve. As announced on May 16, 2002, in conjunction with its fourth quarter results, ATS's new orders and order commitments were significantly stronger in the six-week period following the end of the fiscal year, totalling approximately $77 million dollars. In addition, based on customer feedback, management believes that quotation activity has also improved and that order prospects have become more positive.

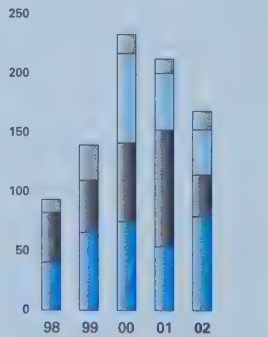
Management believes that with its diversified markets and industry leadership, ATS is very well positioned to win new business and grow revenue and earnings as its markets recover. Despite the difficult economic conditions of fiscal 2002, management believes the underlying long-term trends that create demand for automation in numerous markets remain firmly intact. These trends include the need for manufacturers to reduce costs, outsource, implement technology advancements, continue new product launches and product enhancements, improve quality and the growing need to compete and operate globally. These forces are expected to create long-term demand within targeted markets for ATS automated manufacturing and test systems.

Automation Systems New Order Bookings*
(by fiscal year, millions $)



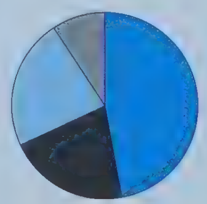
*Fiscal years 2000 and earlier are net of any order cancellations and scope reductions.

Automation Systems Backlog by Industry
(at March 31, millions $)



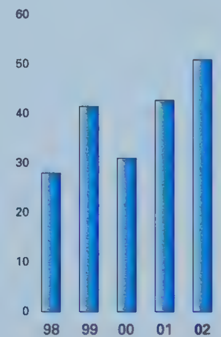
Automotive Computer/Electronics Healthcare Other

Automation Systems Backlog by Industry
(at March 31, 2002)



Automotive
Computer/Electronics
Healthcare
Other

Solar Revenue
(by fiscal year, millions $)



OUTLOOK PRECISION COMPONENTS

Production volumes of new vehicles by North American automobile companies appear to have stabilized, with a similar impact on demand for the Company's automotive precision components. However production rates and shipment unit volumes in automotive markets are expected to continue to be lower than volumes experienced in fiscal 2000, a recent high point for the market. Pricing incentives offered by automobile companies may also create increased pressure on pricing and margins. The Company's strategy in this environment is to secure additional business, continue to improve efficiency, reduce production costs, increase value added content and maintain high quality to compete in the automotive markets it serves.

By applying this strategy, ATS has secured additional automotive precision components orders from tier one automotive companies who continue to consolidate eligible vendors. The largest of these new orders is a five-year contract for an innovative new power seat adjustment subsystem announced in May of 2001. These sub-assemblies will be sold to a major U.S.-based multinational automotive company for use in power seats to be installed across multiple vehicle platforms starting in 2003. No shipment volumes are guaranteed under the contract. However, based on forecasts, the shipments are expected to commence in May 2003 and contribute $12 million to $15 million to the Group's 2004 fiscal year revenue. The following year, revenue under this contract is forecast to increase to $40 million to $50 million annually, based on assumed shipment volumes.

ATS continues to explore opportunities for new precision component orders as companies in a number of markets continue to outsource production. Particular emphasis is being placed on sub-assembly opportunities as these areas allow the Company to make better combined use of its diverse engineering, prototyping and manufacturing capabilities in engineered injection molding, metal turning, metal forming, automated assembly and test. Management believes that these combined capabilities increase value added, positioning ATS to grow revenues and help combat pricing pressure.

ATS launched a new thermal management solutions product line and secured initial production orders for use in computer servers in early calendar 2002. Based upon anticipated demand, these initial orders are forecast to generate $12 million to $13 million of additional revenue as production ramps up in fiscal 2003. As well, the Company is in various stages of development on a number of additional thermal products' order prospects, either directly or through a strategic sales agreement with Tyco Electronics Corporation announced in March 2002. Management believes that its new advanced thermal management products have excellent growth potential as a result of the increasing amount of heat that must be dissipated from higher-speed computer processors being introduced to the market by computer companies.

The Company's solar business expects to continue to grow revenues and earnings in fiscal 2003 as a result of growing demand for clean, renewable energy. While some pricing pressure developed near the end of fiscal 2002, management continues to implement efficiency, cost and product enhancements, which are intended to mitigate this recent development. Management believes that the underlying trends that are creating demand for solar power and the Company's solar products will continue.

The Company is also progressing with the development of a new low-cost, proprietary solar technology, Spheral Solar™ Technology ("SST"). SST solar cells are expected to dramatically reduce the high consumption of silicon, which currently comprises a major portion of conventional solar cell production costs. SST solar cells generate similar power output to conventional cells, however because they are also low-cost, break resistant and pliable, they create significantly greater potential applications for solar energy. By reducing the costs of implementing solar energy solutions and dramatically increasing the potential applications for the technology, ATS believes SST has excellent revenue and earnings growth potential.

ATS is nearing completion of a pilot line for SST in one of its Cambridge facilities and is currently designing a production factory, planned to have an initial annual capacity of 20 megawatts of solar cells. This first SST factory is planned for Cambridge, Ontario with production of SST solar cells to start within two years. Additional SST manufacturing plants are expected to follow successful launch of this first production facility. All automation to be used in the manufacture of SST products is expected to be designed and built by ATS. The Government of Canada has agreed to provide up to $29.5 million to fund development of a full-scale prototype manufacturing line for SST. This represents a significant portion of the estimated $80 million to $85 million total net cost of the project. ATS is also currently in discussions with other prospective strategic and financial partners who may assist with the commercialization of SST.

June 3, 2002

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual report constitute forward-looking statements. These include statements about management's expectations, beliefs, intentions or strategies for the future, which are indicated by words such as "anticipate, intend, believe, estimate, forecast and expect" and similar words. All forward-looking statements reflect management's current views with respect to future events, and are subject to certain risks and uncertainties and assumptions that have been made. Important factors that could cause actual results, performance or achievements to be materially different from those expressed or implied by these forward-looking statements are discussed in this management's discussion and analysis, elsewhere in this annual report, and in other continuous disclosure filings of the Company. If one or more of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results could vary materially from those that are expressed or implied by these forward-looking statements.

OTHER CONSIDERATIONS AND RISK FACTORS

Automation Systems Revenue Mix An automation systems order typically requires ATS to integrate third party content (third party equipment and subcontract work) with its own products and services (ATS value added) to produce a complete automated manufacturing system. Third party content typically comprises a significant portion of the total value of an automation systems order. Specific third party equipment, reflecting the functional requirements of the system, is often required under the terms of the customer's order. ATS typically subcontracts work on an automation systems order as required to supplement internal resources and to manage capacity, order backlog and customer delivery schedules.

The amount of revenue ATS earns from third party content in automation systems in a particular reporting period depends primarily on the value of such content integrated by ATS during that period. The amount of third party content may be subject to significant fluctuations from period to period, and depends upon the nature and specifications of the automation systems orders in process, the value and timing of deliveries of third party content, and the amount of subcontracting used in the period.

The Company typically earns significantly lower margins on third party content compared to margins from ATS value added. Therefore, higher than normal third party content in a period may increase revenues and dilute margins, while lower third party content in a period may reduce revenues and increase margins. While third party content and subcontracting content was lower in fiscal 2002, compared to fiscal 2001, the benefit on operating margin was more than offset by the factors discussed under "Automation Systems Segment Revenue and Operating Performance."

Automation Systems Pricing Individual prices and terms for custom automation systems contracts are typically negotiated between ATS and its customers. Profit margins on contracts vary depending on a number of factors, including, but not limited to: market conditions, technical risk, competition, the results of negotiation and revenue mix.

Use of Estimates and Automation Systems Contract Risk The nature of automation systems contracts requires the use of estimates to quote new business and the application of the percentage of completion method of revenue recognition over the life of the project. This method of revenue recognition is described in note 1(g) to the consolidated financial statements. Automation systems are typically sold on a fixed-price basis. The work to be performed involves varying degrees of technical uncertainty, including possible development work to meet the customer's specification, the extent of which is sometimes not determinable until after the project has been awarded. If the actual costs incurred by the Company are significantly higher than estimated at the quotation stage, the Company's earnings may be negatively affected.

Certain contracts may include penalties for late delivery and/or may expose the Company to liability. Automation systems contracts may be terminated by customers in the event of a default by the Company, or for convenience of the customer. In the event of a termination for convenience, ATS must typically negotiate a settlement reflective of the progress achieved on the contract and/or the costs incurred to the termination date. If a contract is cancelled, Automation Systems backlog would be reduced and production efficiencies may be temporarily negatively impacted.

Precision Components Pricing, Quality, Delivery and Volume Risk The Company's Precision Components Group manufactures engineered components and sub-assemblies for automotive customers typically under long-term, high volume contracts of three to five-year duration. The majority of these contracts are sole-sourced, usually to Tier 1 automotive customers. For non-automotive segments supplied by Precision Components, contracts are often not sole sourced, and volumes and duration of the contracts are less certain. The existence of competitive suppliers of these precision components may expose the Company to greater pricing pressure and volume risk.

Typically, precision components contracts do not provide volume guarantees. The actual volume of parts shipped may vary materially from planned levels during the term of the contract and from quarter to quarter. Variations from planned volumes may occur for a number of reasons including changes in demand for the customer's end product, capacity constraints, quality problems, competition, and obsolescence.

ATS is required to remain competitive on price, quality and delivery as a condition of many of its precision components contracts. Pricing for precision components is often subject to revision and adjustment as a result of negotiations and cost reduction obligations to which the Company may be subject. Price reductions may be mandatory under the terms of some contracts. The Company may also believe it necessary to voluntarily reduce prices as a way to secure higher proportions of the customer's releases when competitive circumstances exist. To the extent ATS is obligated, or agrees, to reduce prices and the impact of the reduced prices is not offset through cost reductions or efficiencies gained from higher volumes, operating margins and earnings will be negatively impacted. Failure to remain competitive on price, quality and delivery may result in the loss of single source status (if in place), reduced shipments and possible termination of the contract. Management believes such terms are customary in the industries in which it currently operates.

Expansion Risks New precision components contracts often require the Company to invest in new production equipment, systems and sometimes facilities, often on tight time schedules. Bringing these investments into production quickly may expose the Company to certain risks depending on the size of the investment, the schedule, the technology involved, and the nature of the precision components to be produced. When production is first started, the Company often incurs higher costs and lower production rates than for more established programs, and may encounter significant costs to correct problems which may arise. Furthermore, failure to meet a customer's requirements may negatively impact the Company, including possible termination of the contract.

The Company may also experience negative impacts on operating results during periods of rapid change in Automation Systems revenue. New employees added in highly skilled areas typically take from 18 to 24 months to become fully trained in ATS-specific technologies and procedures. New automation systems facilities may not be fully utilized immediately upon occupancy. Until new employees and new facilities are fully productive, Automation Systems operating margins may be lower than historical norms. In addition, because of the high costs of recruiting and training, the Company may decide to retain skilled workers during periods of lower demand, resulting in excess capacity and reduced earnings.

Availability of Human Resources The Company's business, especially Automation Systems, is knowledge-based. Management believes that to increase Automation Systems revenue it must continue to attract, retain and develop technical employees whose skills are increasingly in demand. To a lesser degree, ability to increase Precision Components revenues is dependent upon availability of key employees with the specialized skills required to support growth. The Company's future success also depends upon a number of key employees, including Klaus D. Woerner, ATS's President and Chief Executive Officer and other members of senior management.

New Product Market Acceptance Risk Market risk for new or developing technologies such as the Company's Precision Components' Thermal Management Solutions products, solar products and technology and automation standard modules and products may be higher than for the Company's more established precision components and automation systems products. There is no assurance that new products will be accepted by the market, that planned volumes will be realized over the product life or that the product life will not be shorter than expected due to obsolescence. Such activities therefore have higher risks of inventory obsolescence. In addition, newer product offerings may also require a more significant marketing and sales effort to gain market acceptance.

Availability of Raw Materials and Other Manufacturing Inputs Inability to secure enough raw materials and other inputs to meet sales demands could negatively impact sales and earnings. Most equipment and other supplies that are integrated into automation systems are typically available from several suppliers. Customers may specify a particular supplier for certain components of their automation system, and this specification may constrain the availability of that equipment or supply. Availability of such items has, to date, not caused any significant difficulties for the Company. The plastics, metals and other raw materials used most commonly in the Precision Components operations are also available from several sources.

Within the Company's solar operations, adequate supply of silicon and certain specialized manufacturing equipment can involve risk of shortage, especially in periods of strong market demand, since there are fewer suppliers and there may be limited quantities of these inputs available.

Cash Flow The Company's cash flow depends on a number of factors including ongoing working capital requirements and the level and timing of capital expenditures or acquisitions which ATS may make. Capital spending in any particular year is primarily determined by the Company's need to expand capacity for new orders and to update technology in response to market demands. Significant investments in excess of the amounts budgeted, or significant acquisitions, should they arise, may result in the need for additional financing.

Automation systems contracts can have a significant impact on the Company's working capital requirements. Typically sold under fixed price contracts, usually for prices in excess of $1 million, custom automation systems often take six months or more to complete, depending on the complexity and size of the contract and lead times for purchased items (which may be significant). Cash flow from an automation systems contract is determined by the progress billing schedule negotiated with the customer and the achievement by ATS of the specified progress billing milestones. These factors vary from contract to contract, and may result in significant changes in cash requirements from quarter to quarter.

Capital expenditures and pre-production expenditures related to major new precision component orders must often be made six months or more before shipments start. Timing of cash flows from precision components contracts may vary depending upon shipment releases provided by the customer (see Precision Components Pricing, Quality, Delivery and Volume Risk).

The Company generates a significant portion of net cash inflows in major foreign currencies, the largest of which is U.S. dollars. To the extent net foreign currency cash inflows are not fully hedged, strengthening of the Canadian currency vis-à-vis these foreign currencies will negatively impact the Company's earnings stated in Canadian dollars. The Company maintains a hedging program to reduce these financial risks as discussed in consolidated financial statement notes 1(c) and 3. The Audit and Finance Committee of the Board of Directors regularly reviews the Company's hedging policy and activities under the policy.

Cyclicality Historically, many of the individual markets served by the Company have tended to be cyclical in nature. Changes in economic environments, product life cycles and customer product demand within the Company's markets may impact Automation Systems bookings and revenue, Precision Components volumes, and the Company's earnings in any of its markets. To the extent the Company has not secured new orders sufficient to replace any reduction or loss of business that may arise under individually material contracts, the future revenues and earnings

of ATS may be materially negatively impacted. The Company's broad customer base and its strategy of diversification through participation in different industries and geographic regions are intended to provide opportunities to generate new revenue and help reduce cyclical risk associated with individual markets. However, because of globalization of markets, economic downturns may be broad-based.

Variations in Quarterly Results The revenues, operating margins and earnings of ATS may vary from quarter to quarter as a result of risk factors discussed in this report. Additional factors which may impact quarterly results include: changes in the proportion of revenue derived from the different activities of the Company, different margins on work performed, acquisitions, rate of capacity utilization and expansion, level of investment in new operations, number of new employees added in a period, level of general and administrative expenses required to support the Company's growth, level of research and development activities and changes in prevailing currency exchange rates which are used to translate the financial results of foreign subsidiaries into Canadian dollars.

While sales of ATS's technologies and solutions are not seasonal in nature, the Company's quarterly results have often reflected lower earnings during the summer months, or second quarter. This has generally been the result of lower revenue due to staff vacations (which reduce capacity) and seasonal customer plant shutdowns.

Litigation From time to time the Company and its subsidiaries may be subject to actual or threatened litigation and legal claims. It is management's opinion that, at the present time, there is no outstanding litigation, claims or threatened or pending litigation or claims that would have a material impact on the Company's financial position.

SUMMARY OF QUARTERLY DATA (IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

years ended March 31,

2002 (unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	**$ 162,727**	**$ 132,494**	**$ 123,900**	**$ 130,426**
Net earnings	**$ 10,869**	**$ 450**	**$ 1,082**	**$ 192**
Earnings per share:				
Basic	**$ 0.18**	**$ 0.01**	**$ 0.02**	**$ —**
Diluted	**$ 0.18**	**$ 0.01**	**$ 0.02**	**$ —**

2001 (unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 160,771	$ 153,441	$ 172,711	$ 192,049
Net earnings	$ 10,262	$ 10,066	$ 12,114	$ 13,749
Earnings per share:				
Basic	$ 0.18	$ 0.17	$ 0.20	$ 0.23
Diluted*	$ 0.18	$ 0.17	$ 0.20	$ 0.23

* Diluted EPS has been restated to reflect the adoption of the CICA Recommendations for Earnings per Share (see notes to the consolidated financial statements).

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of ATS Automation Tooling Systems Inc. were prepared by management in accordance with accounting principles generally accepted in Canada. The significant accounting policies, which management believes are appropriate for the Company, are described in note 1 to the consolidated financial statements. The financial information contained elsewhere in this document is consistent with that in the consolidated financial statements.

Management is responsible for the integrity and objectivity of the financial statements. Estimates are necessary in the preparation of these statements and, based on careful judgments, have been properly reflected in the financial statements. Management has established systems of internal control which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit and Finance Committee of the Board, which is comprised of outside directors and which meets periodically with management and the independent auditors to discuss the Company's financial reporting practices and procedures, its systems of internal accounting controls, the planned scope of examinations by independent auditors and their findings and recommendations. It also reviews the Company's consolidated financial statements.

The Company's independent auditors, KPMG LLP Chartered Accountants, conduct an independent examination on behalf of the shareholders, in accordance with generally accepted auditing standards and express their opinion on the financial statements. Their report outlines the scope of their examination and their opinion on the consolidated financial statements of the Company. The independent auditors have free access to the Audit and Finance Committee of the Board.

Klaus D. Woerner
President and Chief Executive Officer

Ron J. Jutras
Secretary and Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of ATS Automation Tooling Systems Inc. as at March 31, 2002 and March 31, 2001 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2002 and March 31, 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Waterloo, Canada
May 10, 2002

CONSOLIDATED BALANCE SHEETS (IN THOUSANDS OF DOLLARS)

at March 31	2002	2001
Assets		
Current assets:		
Cash and short-term investments	$ 113,281	$ 72,949
Accounts receivable	113,704	152,266
Income taxes recoverable	11,140	1,051
Costs and earnings in excess of billings on contracts in progress (note 4)	104,320	150,363
Inventories (note 4)	60,712	52,230
Other	3,114	2,329
	406,271	431,188
Fixed assets (note 5)	212,009	205,733
Goodwill	57,974	48,095
Intangible assets (note 6)	9,491	9,211
Other assets (note 7)	31,624	18,580
	$ 717,369	$ 712,807
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	$ 3,108	$ 4,079
Accounts payable and accrued liabilities	65,434	79,222
Billings in excess of costs and earnings on contracts in progress (note 4)	12,481	20,992
Future income taxes (note 11)	27,455	21,281
	108,478	125,574
Long-term debt (note 8)	53,860	53,279
Future income taxes (note 11)	2,196	4,568
Non-controlling interest	2,957	2,585
Shareholders' equity:		
Share capital (note 9)	329,660	323,324
Retained earnings	202,909	190,316
Cumulative translation adjustment (note 10)	17,309	13,161
	549,878	526,801
Commitments (note 12)		
	$ 717,369	$ 712,807

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Klaus D. Woerner
Director

Robert W. Luba
Director

CONSOLIDATED STATEMENTS OF EARNINGS (IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

years ended March 31	2002	2001
Revenue	$ 549,547	$ 678,972
Operating costs and expenses:		
Cost of revenue	436,821	515,848
Depreciation and amortization	27,457	22,956
Selling and administrative	65,662	66,222
	529,940	605,026
Earnings from operations	19,607	73,946
Other expenses (income):		
Interest expense on long-term debt	2,172	3,727
Interest income	(2,019)	(3,172)
	153	555
Earnings before income taxes, non-controlling interest and goodwill amortization	19,454	73,391
Provision for income taxes (note 11)	6,499	25,273
Non-controlling interest in earnings of subsidiaries	362	404
Earnings before goodwill amortization	12,593	47,714
Goodwill amortization, net of income taxes	–	1,523
Net earnings	$ 12,593	$ 46,191
Earnings per share (note 13)		
Basic	$ 0.21	$ 0.79
Diluted	$ 0.21	$ 0.77

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (IN THOUSANDS OF DOLLARS)

years ended March 31	2002	2001
Retained earnings, beginning of year	$ 190,316	$ 147,452
Net earnings	12,593	46,191
Cost of issuance of common shares, net of related future income taxes	–	(3,327)
Retained earnings, end of year	$ 202,909	$ 190,316

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS OF DOLLARS)

years ended March 31	2002	2001
Cash flows from operating activities:		
Net earnings	**$ 12,593**	$ 46,191
Items not involving cash	**31,475**	28,452
Cash flow from operations	**44,068**	74,643
Change in non-cash operating working capital	**49,885**	(66,332)
	93,953	8,311
Cash flows from investing activities:		
Acquisition of businesses (note 2)	**(5,317)**	(14,711)
Acquisition of fixed assets	**(29,695)**	(82,435)
Investments and other	**(15,965)**	(7,900)
	(50,977)	(105,046)
Cash flows from financing activities:		
Bank indebtedness	**(3,500)**	(24,693)
Issuance of common shares, net of cost of issuance	**786**	118,086
Long-term debt	**–**	(406)
Other	**70**	10,452
	(2,644)	103,439
Increase in cash	**40,332**	6,704
Cash and short-term investments, beginning of year	**72,949**	66,245
Cash and short-term investments, end of year	**$ 113,281**	$ 72,949

See accompanying notes to consolidated financial statements.

1. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation These consolidated financial statements include the accounts of ATS Automation Tooling Systems Inc. and subsidiary companies. All significant intercompany transactions and balances have been eliminated.

(b) Foreign currency translation The assets and liabilities of self-sustaining foreign subsidiaries are translated into Canadian dollars at year-end exchange rates and the resulting unrealized exchange gains or losses are included as a separate component of shareholders' equity. The earnings statements of these operations are translated at exchange rates prevailing during the year.

Other monetary assets and liabilities which are denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates, and transactions included in earnings are translated at rates prevailing during the year. Exchange gains and losses resulting from the translation of these amounts are included in the consolidated statement of earnings, with the exception of unrealized foreign exchange gains and losses on long-term debt denominated in foreign currencies. For such long-term debt that is designated as a hedge of the net investment in self-sustaining foreign subsidiaries, the exchange gains or losses are included in the Cumulative Translation Adjustment account, while exchange gains and losses on long-term debt that is not designated as a hedge is deferred and amortized over the remaining term of the related loans.

(c) Derivative financial instruments Foreign exchange contracts are used by the Company to reduce financial risks related to future net cash flows in foreign currencies. Gains and losses on the contracts are recognized in the consolidated statement of earnings during the same period as the corresponding foreign currency revenues and expenses.

Interest rate swaps may be used by the Company to reduce its risks related to changes in interest rates on its long-term revolving bank credit facility. The difference between the swap rate and the actual interest rate is reflected in earnings as incurred.

(d) Cash and short-term investments Cash and short-term investments consist of cash and highly liquid money market instruments, typically with maturities of three months or less.

(e) Fixed assets Fixed assets are recorded at cost. Depreciation is computed using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Declining-balance	4%
Production equipment	Straight-line Units of production	10–30% per unit
Other equipment and furniture	Declining-balance	20–30%

Leasehold improvements are amortized over the terms of the related leases on a straight-line basis.

(f) Goodwill and other intangible assets Effective April 1, 2001, the Company adopted the new Recommendations of the Canadian Institute of Chartered Accountants ("CICA") for Goodwill and Other Intangible Assets. The new Recommendations require the Company to discontinue the amortization of goodwill and instead, apply an impairment test at least on an annual basis. Under the requirements of the impairment test, the carrying value of the Company's reporting units, including goodwill, is compared with the fair value of the reporting units. Where the carrying value of a reporting unit exceeds its fair value, the second step of the impairment test is carried out, whereby the implied fair value of that reporting unit's goodwill is compared to its carrying value to determine the amount of impairment loss. Management has determined that there is no impairment in goodwill as of March 31, 2002. Had this new standard been retroactively applied, net earnings for the year ended March 31, 2001 would have increased by $1,523,000 (2 cents per share basic and 3 cents per share diluted). The new Recommendations are only to be applied prospectively.

For the year ended March 31, 2001, goodwill was recorded at cost and was amortized using the straight-line method over periods from five to forty years. The Company evaluated goodwill each year to determine if there had been a permanent decline in value, based on the current and expected operating earnings of each underlying business, taking into consideration operating trends and other relevant factors.

Other intangible assets which include patents and licences on technologies are recorded at cost and amortized over their estimated economic life.

(g) Contract revenue and inventories Contract revenue in the Automation Systems segment is recognized using the percentage of completion method. The degree of completion is determined based on costs incurred, excluding costs that are not representative of progress to completion, as a percentage of total costs anticipated for each contract. Incentive awards, claims or penalty provisions are recognized when such amounts can reasonably be determined. Complete provision is made for losses on contracts in progress when such losses first become known. Revisions in cost and profit estimates, which can be significant, are reflected in the accounting period in which the relevant facts become known.

Revenue in the Precision Components segment is recognized at time of shipment providing collection is reasonably assured.

Provisions for warranty claims, and other allowances are made based on contract terms and prior experience.

Inventories are valued at the lower of cost (first-in, first-out basis) and net realizable value.

(h) Research and development costs Research costs are expensed as incurred. Development costs which meet generally accepted criteria are capitalized and amortized over the period in which the Company expects to benefit from the resulting product or process.

(i) Pre-production costs Pre-production costs related to new Precision Components orders are deferred and amortized over the life of the related contract on a units of production basis.

(j) Investment tax credits Investment tax credits are accounted for as a reduction in the cost of the related asset or expense when there is reasonable assurance that such credits will be realized.

(k) Income taxes The Company uses the liability method of tax allocation for accounting for income taxes. Under the liability method of tax allocation, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(l) Share-based plans The Company has a stock-based compensation plan, which is described in note 9.

No compensation expense is recognized for stock options granted under the Company's stock option plan. Consideration paid by employees, officers and directors on the exercise of stock options is credited to share capital.

Effective April 1, 2002, the Company will adopt the new CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services and applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions, and will apply to awards granted on or after April 1, 2002. The effect, had the Company used the fair value based method of accounting for the stock options granted in the year ended March 31, 2002, is described in note 9.

The Company's contributions to the employee share purchase plan are accounted for in the same manner as the related employee payroll costs.

(m) Earnings per share Effective April 1, 2001, the Company adopted the new Recommendations of the CICA for Earnings per Share. The new Recommendations substantially harmonize Canadian standards with existing U.S. and International standards. For the year ended March 31, 2001, the earnings per share figures in the Consolidated Statements of Earnings have been recalculated using the new standard. The diluted earnings per share increased from $0.76 to $0.77 when recalculated using the new Recommendations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (TABULAR AMOUNTS IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

2. ACQUISITIONS

Effective June 2001, the Company acquired all of the outstanding shares of Omex Inc., a metal forming company located in Stratford, Ontario.

The acquisition has been accounted for using the purchase method with the results of the operations being included from the date of acquisition. The net assets acquired at their assigned values and the consideration given for the acquisition is as follows:

Assets acquired	$	5,155
Liabilities assumed		(3,679)
Goodwill		9,394
	$	10,870
Consideration:		
Cash	$	5,317
Common shares		5,553
	$	10,870

During the year ended March 31, 2001, the Company acquired 100% of the assets of a U.S. plastic injection moulding company.

The acquisition has been accounted for using the purchase price method as follows:

Assets acquired	$	6,744
Liabilities assumed		(1,996)
Goodwill		9,963
	$	14,711
Consideration:		
Cash	$	14,711

3. FINANCIAL INSTRUMENTS

The contract nature of the Company's business may result in significant fluctuations from period to period in the relative percentages of accounts receivable and contracts in progress concentrated with any one customer, industry or geographic region. At March 31, 2002, no customers accounted for more than 10% of the combined balance of accounts receivable and contracts in progress. At March 31, 2001, one customer accounted for greater than 10% of the combined accounts receivable and contracts in progress balances.

The Company generates significant revenues in major foreign currencies, primarily U.S. dollars, which exceed the natural hedge provided by purchases of goods and services in those currencies. In order to manage a portion of this net foreign currency exposure, the Company has entered into foreign exchange contracts. The timing and amount of foreign exchange contracts are estimated based on existing customer contracts on hand or anticipated, current conditions in the Company's markets, and the Company's past experience.

The Company has outstanding forward contracts in various major currencies, primarily U.S. dollars. At March 31, 2002, the U.S. dollar forward contracts totalled US$70,800,000, maturing on or before March 2003, at rates ranging from Cdn$1.49755 to Cdn$1.60372 to US$1.00. Based on foreign exchange rates as at March 31, 2002 for contracts with similar remaining terms to maturity, the unrecognized net losses relating to all the Company's forward exchange contracts are approximately Cdn$275,000.

The carrying amounts reported in the balance sheets for cash and short-term investments, accounts receivable, contracts in progress and accounts payable and accrued liabilities approximate their fair values, due to the short-term nature of those instruments.

The carrying value of long-term debt approximates fair value since the effective interest rates reflect current market rates. Until October 2001 the Company had an interest rate swap agreement whereby the interest rate on US$7,000,000 of the revolving bank credit facility had been fixed at 8.145%. At March 31, 2001, the fair value of the interest rate swap approximated an unrealized loss of Cdn$128,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (TABULAR AMOUNTS IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

4. CONTRACTS IN PROGRESS AND INVENTORIES

at March 31	2002	2001
Contracts in progress at the balance sheet date:		
Costs incurred on contracts in progress	$ 345,484	$ 456,795
Estimated earnings	102,355	129,743
	447,839	586,538
Progress billings	(356,000)	(457,167)
	$ 91,839	$ 129,371
Disclosed as:		
Costs and earnings in excess of billings on contracts in progress	$ 104,320	$ 150,363
Billings in excess of costs and earnings on contracts in progress	(12,481)	(20,992)
	$ 91,839	$ 129,371
Inventories are summarized as follows:		
Raw materials to be used in manufacturing	$ 22,576	$ 23,039
Work in process	30,541	24,109
Finished goods available for sale	7,595	5,082
	$ 60,712	$ 52,230

5. FIXED ASSETS

at March 31	2002			2001
	Cost	Accumulated depreciation	Net book value	Net book value
Land and land improvements	$ 25,116	$ –	$ 25,116	$ 24,976
Buildings	75,198	11,801	63,397	59,909
Leasehold improvements	10,322	3,128	7,194	7,283
Production equipment	170,933	68,242	102,691	100,268
Other equipment and furniture	30,376	16,765	13,611	13,297
	$ 311,945	$ 99,936	$ 212,009	$ 205,733

6. OTHER INTANGIBLE ASSETS

During the year ended March 31, 2002, the Company purchased $844,000 of other intangible assets (2001 – $1,514,000) and recorded $620,000 (2001 – $331,000) of amortization on the other intangible assets. As of March 31, 2002, the total accumulated amortization on the other intangible assets was $2,159,000 (2001 – $1,539,000).

7. OTHER ASSETS

at March 31	2002	2001
Deferred foreign exchange loss on long-term debt	$ 4,177	$ 4,711
Deferred pre-production costs	1,467	909
Deferred development costs	16,110	5,969
Notes receivable	460	720
Long-term investments	9,410	6,271
	$ 31,624	$ 18,580

During the year ended March 31, 2002, the Company deferred $11,206,000 (2001 – $4,233,000) of development costs and recorded amortization on deferred development costs of $1,071,000 (2001 – $1,099,000).

8. BANK INDEBTEDNESS AND LONG-TERM DEBT

at March 31	2002	2001
Unsecured revolving bank credit facility available in Cdn $, or equivalent in other currencies, with interest at bank prime rate, or at rates tied to LIBOR, or bankers' acceptances, at the Company's option. This credit facility revolves until October 19 annually at which time it is expected that the term will be extended for a further one year period. In the event the revolving period of the credit facility is not extended, the loan is repayable over a seven year period in 60 equal instalments over the last five years of the period. The amounts are repayable in U.S. funds of US$33,800 (2001 – US$33,800).	$ 53,860	$ 53,279
Current portion	–	–
	$ 53,860	$ 53,279

Interest paid in cash in the year totalled $2,472,000 (2001 – $3,600,000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (TABULAR AMOUNTS IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

9. SHARE CAPITAL

at March 31	2002	2001
Common shares:		
Authorized:		
Unlimited shares		
Issued:		
60,318,725 shares; (2001 – 60,023,515 shares)	$ 329,660	$ 323,324

During the year ended March 31, 2002, 222,097 common shares were issued as partial consideration in the purchase of Omex Inc. During the year ended March 31, 2001, 3,450,000 common shares were issued in a public offering.

During the year ended March 31, 2002, the Company implemented a new employee share purchase plan that replaced the previous employee share purchase plan. Under the terms of the new plan, qualifying employees of the Company may set aside funds through payroll deductions for an amount up to a maximum of 10% of their salary. Subject to the member not making withdrawals from the new plan, the Company makes contributions to the new plan equal to 20% of a member's contribution to the plan during the year, up to a maximum of 1% of each member's salary.

Shares for the plan may be issued from treasury or purchased in the market as determined by the Company's Board of Directors. During the year ended March 31, 2002 no shares were issued from treasury related to the plan (2001 – 22,200 shares were issued at $27.59 under the previous plan) and 200 shares were cancelled related to the previous plan (2001 – nil).

The Company uses a stock option plan to attract and retain key employees, officers and directors. The shareholders have approved a maximum 5,550,569 common shares for issuance under the stock option plan, with the maximum reserved for issuance to any one person at 5% of the common shares outstanding at the time of the grant. Stock options vest over two, four or five year periods. The stock option exercise price is the price of the Company's common shares on The Toronto Stock Exchange at closing for the day prior to the date of the grant. Options granted under the plan may be exercised during a period not exceeding ten years from the date of grant, subject to earlier termination upon the optionee ceasing to be a director, officer or employee of the Company. Options issued under the plan are non-transferable. Any option granted which is cancelled or terminated for any reason prior to exercise, is returned to the pool and becomes available for future stock option grants. As at March 31, 2002, there are 2,002,578 common shares remaining for future option grants.

at March 31	2002			2001		
	Shares		**Weighted average exercise price**	Shares		Weighted average exercise price
Stock options outstanding, beginning of year	**2,047,602**	**$**	**13.41**	1,873,993	$	10.52
Granted	**384,480**		**21.53**	358,455		25.63
Exercised	**(73,313)**		**10.78**	(165,183)		5.74
Forfeited	**(176,589)**		**16.30**	(19,663)		20.13
Stock options outstanding, end of year	**2,182,180**	**$**	**14.70**	2,047,602	$	13.41
Stock options exercisable, end of year	**1,341,558**	**$**	**10.79**	1,248,439	$	9.58

at March 31, 2002	Options Outstanding				Options Exercisable		
Range of exercise prices	Number outstanding at March 31, 2002	Weighted average remaining contractual life		Weighted average exercise price	Number exercisable at March 31, 2002		Weighted average exercise price
$2 to 5	301,080	2.59 years	$	2.42	301,080	$	2.42
$6 to 10	294,530	3.94 years		6.74	294,530		6.74
$11 to 20	635,978	6.16 years		11.19	473,581		11.11
$21 to 28.75	950,592	7.85 years		23.40	272,367		23.88
$2.00 to 28.75	2,182,180	6.12 years	$	14.70	1,341,558	$	10.79

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (TABULAR AMOUNTS IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

The Company applies the intrinsic value based method of accounting for stock options awarded to employees. Accordingly, no compensation cost has been recognized for its stock option plan and this is consistent with prior years. Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date for options awarded after April 1, 2001, consistent with the fair value based method of accounting for stock-based compensation, the Company's net earnings and earnings per share for the year ended March 31, 2002 would have been reduced to the pro forma amounts indicated below:

	Net earnings	Basic earnings per share	Diluted earnings per share
As reported	$ 12,593	$ 0.21	$ 0.21
Pro forma	11,793	0.20	0.19

In the pro forma results above, the fair values of the Company's stock option grants were estimated using the Black Scholes option pricing model with the following assumptions: risk free interest rate of 5.18%; dividend yield of 0%; expected lives of 6.0 years; and volatility of 42%, and the total estimated compensation cost related to the 384,480 options granted during the year ended March 31, 2002 was amortized over the five year vesting period of the options.

10. CUMULATIVE TRANSLATION ADJUSTMENT

The cumulative translation adjustment represents the net unrealized foreign currency translation gain on the Company's net investment in self-sustaining foreign operations, principally in the United States and Europe.

at March 31	**2002**	2001
Cumulative unrealized gain at beginning of year	**$ 13,161**	$ 524
Unrealized (losses) gains on translation of non-current items	**(22,881)**	(19,128)
Unrealized gains (losses) on translation of current items	**27,029**	31,765
Cumulative unrealized gain at end of year	**$ 17,309**	$ 13,161

11. INCOME TAXES

Income tax expense differs from the amounts which would be obtained by applying the combined Canadian basic federal and provincial income tax rate to earnings before income taxes, non-controlling interest and goodwill amortization. These differences result from the following items:

years ended March 31	2002	2001
Earnings before income taxes, non-controlling interest and goodwill amortization	$ 19,454	$ 73,391
Combined Canadian basic federal and provincial income tax rate	41.23%	43.97%
Income taxes based on combined Canadian basic federal and provincial income tax rate	8,021	32,270
(Decrease) increase in income taxes resulting from:		
Manufacturing and processing allowance	(2,016)	(3,391)
Losses (earnings) of foreign subsidiaries	547	(1,535)
Losses for which an income tax benefit has not been recognized	1,022	77
Adjustment to future income taxes for substantially enacted changes in Canadian income tax rates	(203)	(808)
Other items	(872)	(1,340)
	$ 6,499	$ 25,273
Provision for income taxes:		
Current	$ 2,843	$ 22,503
Future	3,656	2,770
	$ 6,499	$ 25,273

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (TABULAR AMOUNTS IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

Future income taxes are provided for temporary differences. Future income tax assets and liabilities are comprised of the following:

years ended March 31	2002	2001
Future income tax assets:		
Loss carry forwards, share issue costs, and other	$ 11,952	$ 10,320
Less valuation allowance	(2,815)	(2,307)
Future income tax assets, net	9,137	8,013
Future income tax liabilities:		
Fixed assets	8,558	6,971
Accounting income not currently taxable	25,370	23,529
Other	4,860	3,362
Total future income tax liabilities	38,788	33,862
Future income tax liability, net	$ 29,651	$ 25,849
Less current portion of future income tax liabilities	27,455	21,281
Long-term future income tax liabilities	$ 2,196	$ 4,568

Income taxes paid in cash during the year amounted to $7,913,000 (2001 – $24,763,000).

12. COMMITMENTS

The minimum operating lease payments required in each of the next five years are as follows:

Year	Amount
2003	$ 6,701
2004	4,536
2005	3,413
2006	1,474
2007	351
Thereafter	342

In the normal conduct of its operations, the Company provides bank guarantees as security for advances received from certain customers pending delivery performance. In accordance with industry practice, the Company remains liable to the customer for the usual obligations relating to contract completion and timely delivery. At March 31, 2002, the total value of outstanding bank guarantees to customers was approximately $10,000,000.

13. EARNINGS PER SHARE

Basic net earnings per share is based on the weighted average common shares outstanding. Weighted average common shares used in the computation of basic earnings per share were 60,261,432 and 58,791,716 in 2002 and 2001 respectively. The shares used in the computation of diluted earnings per share were 61,023,411 and 59,906,054 in 2002 and 2001 respectively. All of the dilution is caused by the affect of stock options outstanding.

14. SEGMENTED DISCLOSURE

The Company evaluates performance based on two reportable segments: Automation Systems and Precision Components. The Automation Systems segment produces custom-engineered turn-key automated manufacturing and test systems. The Precision Components segment is a high volume manufacturer of photovoltaic products, plastic and metal components and sub-assemblies.

The Company accounts for inter-segment sales at current market rates, negotiated between the segments.

year ended March 31			2002
	Automation Systems	Precision Components	Consolidated
Revenue	$ 393,739	$ 164,758	$ 558,497
Inter-segment revenue	(8,727)	(223)	(8,950)
Total Company revenue	$ 385,012	$ 164,535	$ 549,547
Operating income	$ 24,468	$ 3,259	$ 27,727
Inter-segment operating income			(1,308)
Other expenses			(6,812)
Total Company earnings from operations			$ 19,607
Assets	$ 456,233	$ 194,849	$ 651,082
Other Corporate assets not allocated			66,287
Total Company assets			$ 717,369
Goodwill, excluding goodwill acquired during the year	$ 35,347	$ 13,233	$ 48,580
Goodwill acquired during the year		9,394	9,394
Total Company goodwill	$ 35,347	$ 22,627	$ 57,974
Acquisition of fixed assets	$ 8,731	$ 18,906	$ 27,637
Inter-segment transfers			695
Corporate acquisitions and other			1,363
Total Company acquisition of fixed assets			$ 29,695
Depreciation and amortization	$ 9,560	$ 17,607	$ 27,167
Inter-segment depreciation and amortization			(88)
Corporate depreciation and amortization			378
Total Company depreciation and amortization			$ 27,457

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (TABULAR AMOUNTS IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

year ended March 31			2001
	Automation Systems	Precision Components	Consolidated
Revenue	$ 525,745	$ 156,350	$ 682,095
Inter-segment revenue	(2,865)	(258)	(3,123)
Total Company revenue	$ 522,880	$ 156,092	$ 678,972
Operating income	$ 75,285	$ 4,671	$ 79,956
Inter-segment operating income			(209)
Other expenses			(5,801)
Total Company earnings from operations			$ 73,946
Assets	$ 459,182	$ 187,093	$ 646,275
Other Corporate assets not allocated			66,532
Total Company assets			$ 712,807
Goodwill, excluding goodwill acquired during the year	$ 36,936	$ 3,517	$ 40,453
Goodwill acquired during the year		9,963	9,963
Amortization	(1,819)	(502)	(2,321)
Total Company goodwill	$ 35,117	$ 12,978	$ 48,095
Acquisition of fixed assets	$ 57,290	$ 23,826	$ 81,116
Inter-segment transfers			796
Corporate acquisitions and other			523
Total Company acquisition of fixed assets			$ 82,435
Depreciation and amortization	$ 9,200	$ 14,904	$ 24,104
Inter-segment depreciation and amortization			(125)
Corporate depreciation and amortization			1,299
Total Company depreciation and amortization			$ 25,278

years ended March 31		2002		2001
	Revenue	Fixed assets, goodwill and intangibles	Revenue	Fixed assets, goodwill and intangibles
Canada	**$ 52,653**	**$ 126,470**	$ 52,669	$ 117,336
United States	**333,431**	**90,964**	474,459	87,554
Europe	**110,139**	**58,042**	92,441	54,218
Asia-Pacific and other	**53,324**	**3,998**	59,403	3,931
Total Company	**$ 549,547**	**$ 279,474**	$ 678,972	$ 263,039

Geographic segmentation of revenue is determined based on the customer's installation site. Geographic segmentation of fixed assets, goodwill and intangibles is determined based on the location of the respective operations.

During the year ended March 31, 2002 and the year ended March 31, 2001, no segment had revenue from one customer which amounted to 10% or more of Company revenue.

SIX-YEAR FINANCIAL SUMMARY (IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA, STATISTICS AND RATIOS)

years ended March 31	2002	2001	2000	1999	1998	1997
Operating Results						
Revenue:						
Automation Systems	**$ 393,739**	$ 525,745	$ 392,296	$ 319,200	$ 323,832	$ 191,319
Precision Components	**164,758**	156,350	135,576	118,852	93,573	59,199
Elimination of inter-group revenue	**(8,950)**	(3,123)	(1,358)	(24,484)	(14,485)	(716)
Revenue from ongoing operations	**549,547**	678,972	526,514	413,568	402,920	249,802
Microelectronics contract	**–**	–	3,500	101,700	–	–
Total revenue	**549,547**	678,972	530,014	515,268	402,920	249,802
Earnings from operations	**19,607**	73,946	61,970	68,391	47,701	33,008
Operating margin	**3.6%**	10.9%	11.7%	13.3%	11.8%	13.2%
Net earnings before unusual items	**12,593**	46,191	36,703	39,636	27,362	19,597
Net earnings	**12,593**	46,191	35,745	37,237	27,362	19,597
Financial Position						
Working capital	**$ 297,793**	$ 305,614	$ 209,780	$ 169,505	$ 147,039	$ 73,770
Fixed assets	**212,009**	205,733	138,445	136,162	105,352	52,451
Total assets	**717,369**	712,807	551,674	499,422	436,020	241,778
Long-term debt	**53,860**	53,279	49,396	51,814	44,009	24,420
Shareholders' equity	**549,878**	526,801	348,136	314,339	268,206	143,066
Cash Flow						
Cash from operations	**$ 44,068**	$ 74,643	$ 60,802	$ 64,618	$ 50,659	$ 35,510
Net share capital issued	**786**	118,086	5,005	2,740	95,330	1,822
Fixed assets purchased	**29,695**	82,435	25,392	54,898	57,393	19,938
Acquisitions (cash consideration)	**5,317**	14,711	2,421	–	22,021	7,505
Per Share Data						
Basic earnings per share before unusual items	**$ 0.21**	$ 0.79	$ 0.66	$ 0.72	$ 0.52	$ 0.39
Basic earnings per share	**0.21**	0.79	0.64	0.67	0.52	0.39
Book value per share	**9.12**	8.78	6.17	5.66	4.85	2.81
Price range – common shares	**29.05 – 12.61**	40.10 – 19.25	33.00 – 10.50	25.95 – 9.50	30.13 – 10.20	11.75 – 9.25
Basic weighted average shares outstanding (millions)	**60.3**	58.8	55.7	55.4	53.0	50.0
Statistics and Ratios						
Current ratio	**3.75:1**	3.43:1	2.44:1	2.33:1	2.24:1	2.13:1
Long-term debt to equity	**0.10:1**	0.10:1	0.14:1	0.16:1	0.16:1	0.17:1
Return on average assets	**2.7%**	11.7%	11.8%	14.6%	14.1%	15.3%
Return on average equity	**2.3%**	10.6%	10.8%	12.8%	13.3%	15.2%
Number of employees, at March 31	**3,187**	3,302	2,932	2,416	2,524	1,491

Fiscal 1997–2001 earnings from operations have been restated to reflect the CICA Recommendations for Goodwill (see notes to the consolidated financial statements).
2000 includes an unusual item which reduced net earnings $1.0 million or $0.02 per share, basic.
1999 includes unusual items which reduced net earnings $2.4 million or $0.04 per share, basic.
All numbers have been adjusted to reflect the impact of the November 1996 and November 1997 two-for-one stock splits.

BOARD OF DIRECTORS

Richard H. Campbell [1]
DIRECTOR
PRESIDENT, SEACOAST CONSULTING

Robert A. Ferchat, FCA [1,2]
DIRECTOR
RETIRED CHAIRMAN AND CHIEF EXECUTIVE OFFICER,
BCE MOBILE COMMUNICATIONS INC.

Ron J. Jutras, CA [4]
DIRECTOR
SECRETARY AND CHIEF FINANCIAL OFFICER, ATS

Robert W. Luba, FCA [1,2,3]
DIRECTOR
PRESIDENT, LUBA FINANCIAL INC.

Lawrence G. Tapp [1,3,4]
NON-EXECUTIVE CHAIRMAN OF THE BOARD
DEAN, RICHARD IVEY SCHOOL OF BUSINESS,
UNIVERSITY OF WESTERN ONTARIO

Robert C. Tivy [2,3]
DIRECTOR

Klaus D. Woerner [4]
DIRECTOR
FOUNDER, PRESIDENT AND
CHIEF EXECUTIVE OFFICER, ATS

[1] Member of the Audit and Finance Committee
[2] Member of the Human Resources Committee
[3] Member of the Corporate Governance and Nominating Committee
[4] Corporate officer of the Company

SHAREHOLDER INFORMATION

Corporate Headquarters
ATS Automation Tooling Systems Inc.
250 Royal Oak Road
Box 32100 Preston Centre
Cambridge, Ontario
Canada N3H 5M2
Tel: (519) 653-6500
Fax: (519) 653-6533
Web site: www.atsautomation.com

Stock Exchange Listing
Toronto Stock Exchange "ATA"

Registrar and Transfer Agent
Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1
E-mail: www.computershare.com
Tel: (416) 981-9633
Fax: (416) 981-9507
Toll free: 1-800-663-9097

Auditors
KPMG LLP

Principal Bank
The Bank of Nova Scotia

Annual Shareholders' Meeting
4 p.m. Eastern Time
September 26, 2002
K.E. Hunter Recreation Centre
Conestoga College
299 Doon Valley Drive
Kitchener, Ontario, Canada

Investor Relations
Contact Cheryl Vandervalk,
Investor Relations Co-ordinator
Tel: (519) 653-6500
Fax: (519) 653-6533
E-mail: investor@atsautomation.com

PRODUCED BY: FUNDAMENTAL COMMUNICATIONS INC. DESIGN: BRYAN MILLS GROUP PRINTED IN CANADA ON RECYCLED PAPER